

Annual Report 2014 for The Ethical Council – A successful focus on the mining industry and three recommended exclusions

Press Release April 9, 2015

The Ethical Council of the AP-Funds builds its process on dialogue with companies both when problems arise in their business and for preventive measures. During 2014 the Ethical Council totaling 308 dialogues and completed three reactive dialogues. The Ethical Council has recommended the AP-Funds to exclude the companies Agrium, Motorola Solutions and Barrick Gold who all have been associated with violations of international conventions.

The Ethical Council has for several years been working with preventive dialogues in order to get companies to act more responsibly and thus reduce the risk that they violate international conventions. A comprehensive preventive project have been focused on the mining industry, where the Ethical Council between 2011 and in 2013 undertook extensive analysis and engagement together with other investors. During the autumn of 2014 the project was evaluated with very positive results on all the parameters measured.

"Preventive and proactive projects are important for the Ethical Council and it is important that these lead to concrete and positive results. Engagement makes a difference." says Ossian Ekdahl, chairman of the Ethical Council for 2015." Reactive, event-driven dialogues will always be a part of the Council's work, but preventive projects is often a better way to achieve change where the companies are more receptive to suggested improvements, in order to avoid future problems."

In 2014 the Ethical Council conducted 308 dialogues and completed three reactive dialogues.

In three of the dialogues the Ethical Council came to the conclusion that further dialogue was not meaningful and therefore recommended the AP-funds to exclude the companies. The Ethical Council has recommended exclusion of Barrick Gold due to serious negative environmental impact by depositing tailings in river system. The recommendation to exclude Motorola Solutions is based on their involvement in customized monitoring systems for settlements in the occupied parts of the West Bank and finally the company Agrium that intends to continue to buy and use phosphates from the occupied Western Sahara. All funds have followed the recommendations of the Ethical Council.

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The Ethical Council is a collaboration between the First, Second, Third and Fourth Swedish National AP-Fund with the goal to influencing companies to a more sustainable business. The Ethical Council was formed in 2007. Our guiding principle is to make a difference by being long-term, responsible and engaged owners that influence companies to improve their work on environmental and social issues. The Ethical Council does that, both by having preventive initiatives and by dialogue with a number of companies that are linked to violations of international conventions on the environmental and human rights issues.